



NEBRASKA SCHEDULE I — Enterprise Zone Credit Computation

FOR TAX YEARS AFTER 1997 AND BEFORE 2004

• Attach this schedule to Form 3800N

• Taxpayers claiming original tax credits must increase both employment and investment levels by the required amounts in the same tax year.

FORM 3800N

Name as Shown on Return

Social Security No. or Nebraska I.D. No.

Location Address

Enterprise Zone

QUALIFIED NEBRASKA EMPLOYEE CALCULATION (see instructions)

Table with columns for Business Began in NE, Indicate your NE Withholding Tax No., (A) Total Hours Paid, (B) Full-Time Equivalent Nebraska Employees, and numbered rows 1-6.

ENTERPRISE ZONE RESIDENT EMPLOYEE CALCULATION (see instructions)

Include only employees residing in enterprise zone.

Table with numbered rows 7-12 for Enterprise Zone Resident Employee Calculation.

NEBRASKA QUALIFIED INVESTMENT CALCULATION

Table with columns for Attach worksheet calculating your current end-of-year total Nebraska qualified investment, Enter Tax Year mo. / day / yr., TOTAL NEBRASKA QUALIFIED INVESTMENT (A) Beginning of Year, (B) End of Year, and (C) AVERAGE (Divide Total of Columns A and B by 2). Rows 13-20.

CREDIT CALCULATION

Table with numbered rows 21-40 for Credit Calculation, including instructions for lines 22-25 and 26-32.

INSTRUCTIONS

This schedule is only for the tax years after 1997 and before 2004.

SPECIAL NOTE. Taxpayers who have **no** employees, but who lease employees from a qualified employee leasing company, may receive credits in 1999 and later tax years. The method of computing the increase in the number of employees is based on equivalent employees whether they are employees of the taxpayer or the qualified employee leasing company.

To amend a return to claim new or increased credits for years before 1998, there must be an increase in the number of full-time employees. The schedule for tax years before 1998 must be used.

Every taxpayer who received increased enterprise zone credits for 2001 must file this schedule and Form 3800N.

This schedule is for those taxpayer with a business location in an enterprise zone, designated by the Nebraska Department of Economic Development. This schedule is to be filed as an attachment to the Form 3800N. You must complete lines 1 through 4 and lines 22 through 51 on the Form 3800N, along with this schedule, before enterprise zone credits will be allowed.

These instructions are to be read in addition to the Form 3800N instructions. Both sets of instructions apply to the enterprise zone credits allowed including instructions for multiple locations or related parties.

WHO MUST FILE. Every taxpayer who elects the increased credits available for a business in an enterprise zone rather than the regular credits under the Employment Expansion and Investment Incentive Act must file this schedule. The schedule must also be filed for each of the two years after the year in which increased enterprise zone credits were received.

QUALIFYING BUSINESSES. In addition to the Qualifying Businesses for LB 270, qualifying businesses in enterprise zones not in a metropolitan or primary city include any individual or association of individuals licensed to practice medicine and surgery or osteopathic medicine and surgery whose practice is in the primary care areas of family practice, general practice, general internal medicine, general pediatrics, general surgery, or obstetrics and gynecology.

EMPLOYMENT INCREASE ONLY. If during the last five years the taxpayer has received credits for both investment and employment at a location that is now within an enterprise zone, additional employment increases may qualify for the increased enterprise zone credits. Complete all applicable lines. Skip lines 13 through 20.

SPECIFIC INSTRUCTIONS

LINES 1, 2, 3, AND 4. These lines are used to compute the increase in employment for the location.

COLUMN A TOTAL HOURS PAID. Enter the total hours for all employees worked during the current tax year and the preceding three tax years.

If you have **no** employees and lease employees from a qualified employee leasing company, include the hours worked by the leased employees during the current year and the three prior years.

COLUMN B FULL-TIME EQUIVALENT NEBRASKA EMPLOYEES. Divide the amount in Column A by 40 times the number of weeks in the year. Calculate to one decimal point and enter this amount in Column B. For example, if the taxpayer's employees were paid for 44,000 hours during the year and the year was 52 weeks, 44,000 would be entered in Column A, and 21.2 in Column B. $[44,000 \div (40 \times 52) = 21.15]$

LINE 5. Enter the highest number of employees from lines 2, 3, or 4. If the business is new to Nebraska and did not have any Nebraska employees in one or more of the preceding tax years, enter 0.0 on lines 2, 3, or 4, as appropriate.

LINE 6. The net increase in employment is line 1 minus line 5. Do not round the difference. If the net increase is not 2.0 or larger, you

are not eligible to claim any credits. **Do not complete the rest of this form.**

LINES 7, 8, 9, 10, AND 11. These lines are used to compute the increase in employment of persons residing in the enterprise zone. Complete these lines in the same manner as lines 1 through 5 were completed, but only include those hours paid to employees who resided in the enterprise zone. If an employee moved, include the hours paid while the employee was a resident of the enterprise zone. Do not include the hours paid while the employee resided outside the enterprise zone.

LINE 12. The net increase in employment of residents of the enterprise zone is line 7 minus line 11. Do not round the difference. If line 11 is larger than line 7, you do not qualify for any enterprise zone credits. Do not complete this schedule. Complete Form 3800N to determine if you qualify for other credits.

LINES 13, 14, 15, AND 16. Enter in columns, A, B, and C the beginning, ending, and average amounts of investment in the current year and the three preceding years. This includes only investment in improvements to real property and tangible personal property that are depreciable under the Internal Revenue Code. **Do not include land, vehicles, planes, or railroad rolling stock.** The value of the property owned by the taxpayer is its tax basis before depreciation. Property rented is to be valued at the annualized rent, multiplied by eight, on each of the measuring points. Do not use rental expense to value rental property.

LINE 13(B). Attach a worksheet calculating your current end-of-year total qualified investment at the location. Please include on your worksheet the line entries and their amounts from your current federal return and schedules that will verify your Nebraska qualified investment amount at the location.

LINE 20. Divide line 19 by \$75,000 and enter the whole number resulting from the calculation. Round the result down to the lower whole number. For instance, if line 19 is \$360,000, the result from dividing by \$75,000 is 4.8, which is entered on line 19 as 4.0. If not 1.0 or larger, you can only claim credits if you claimed credits for both investment and employment increases in one of the prior five years.

LINE 21. Divide line 12 by line 6.

If the result is 0.5, or larger, you qualify for the increased enterprise zone credits on all employment and investment increases. Complete lines 22 through 25 to determine your credit.

If the result is less than 0.5, you qualify for the increased enterprise zone credits only on increased employment of enterprise zone residents. The rest of the employment increases and all the investment increases are allowed at the normal rates. Complete lines 26 through 32 to determine your credit.

LINE 34. You may be subject to recapture of your credit if any of the following conditions exist:

- You previously had recapture of credits earned in the last two years;
- Your number of employees in the enterprise zone for the current year is less than in the year the credit was earned;
- Your number of employees in the enterprise zone who were residents of the enterprise zone for the current year is less than in the year the credit was earned; or
- The end of the year qualified investment in the enterprise zone for the current year is less than in the year the credit was earned.

If any of the above conditions apply, contact the Nebraska Department of Revenue, P.O. Box 94818, Lincoln, Nebraska 68509-4818, or telephone (402) 471-5753 for further instructions.

LINE 38. This is a nonrefundable credit. Enter only the amount of credit necessary to reduce income tax liability to zero. Also enter this amount on line 35 of Form 3800N.